

Service Date: August 10, 1994

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application	)	
of PACIFICORP for Authority to	)	
(1) Issue its Promissory Notes	)	
to and Borrow From Commercial	)	
Banks for (a) Not More Than	)	
\$500,000,000 Under Revolving	)	UTILITY DIVISION
Credit Agreements, and (b) Not	)	DOCKET NO. 94.7.28
More Than \$750,000,000 Under	)	DEFAULT ORDER NO. 5798
Other Borrowing Arrangements;	)	
and (2) Issue and Sell its	)	
Commercial Paper in Principal	)	
Amounts Not to Exceed	)	
\$750,000,000 Outstanding at	)	
Any One Time.	)	

On July 21, 1994, PacifiCorp (Applicant, PP&L) a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to . . 69-3-501 through 69-3-507, MCA, requesting an order authorizing the Company to (1) issue, from time to time through August 31, 1999, its unsecured short-term promissory notes (Promissory Notes) to and borrow from U.S. or foreign commercial banks (or their affiliates) (Banks) under the following facilities:

- (a) not more than \$500,000,000 in aggregate principal amount outstanding at any one time under one or more revolving credit agreements (Agreements), provided that such notes mature not later than August 31, 1999; and
- (b) not more than \$750,000,000 in aggregate principal amount outstanding at any one time under other borrowing arrangements (Other Arrangements), provided that such notes mature not later than

and (2) issue and sell its commercial paper (Paper) in the U.S. or overseas, from time to time through August 31, 1999, in an aggregate principal amount not to exceed \$750,000,000 outstanding at any one time, provided that the Paper mature not later than August 31, 1999; provided, further, that the aggregate principal amounts outstanding under the Agreements, Other Arrangements and Paper not exceed \$750,000,000 at any one time.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of PP&L's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 1701 Prospect Avenue, Helena, Montana, on August 8, 1994, there came before the Commission for final action the matters and things in Docket No. 94.7.28, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

#### FINDINGS

1. PacifiCorp is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.
2. PP&L is operating as a public utility as defined in . 69-3-101, MCA, and is engaged in furnishing electric service in Montana.

3. PacifiCorp was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company, a Utah corporation, and changing the state of incorporation of PacifiCorp from Maine to Oregon. PacifiCorp uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.

4. The Commission has jurisdiction over the subject matter of the application under . 69-3-102, MCA.

5. Notice of the application was published as a part of the Commission's regular weekly agenda.

6. PacifiCorp proposes to enter into Agreements pursuant to which it could issue, from time to time, its unsecured, short-term notes to certain foreign and domestic commercial banks (or their affiliates) in amounts not exceeding \$500,000,000 aggregate principal amount at any one time outstanding. Morgan Guaranty Trust Company of New York has been selected to act as Agent for the banks under the Agreement. PacifiCorp plans to enter into two revolving credit agreements: a five-year facility covering not more than \$350,000,000 in aggregate principal amount of borrowings and a 364-day facility covering not more than \$150,000,000 in aggregate principal amount of PacifiCorp expects that the five-year Agreement will allow it to borrow and reborrow from the Banks up to the amounts committed through August 31, 1999. PacifiCorp expects that the 364-day Agreement will allow it to borrow or reborrow from the Banks up to the amounts committed through August 31, 1995. PacifiCorp also expects to seek renewals of the 364-day facility through August 31, 1999.

7. Under the Agreements, PacifiCorp expects to have a variety of interest rate options as described below.

PacifiCorp may borrow at the Base Rate, which is the higher of the Agent's prime rate or the

PacifiCorp may borrow at an Adjusted CD Loan (CD Loan) rate, which is equal to the average rate bid by dealers for the purchase of the certificates of deposit of certain Reference Banks named in the Agreements, plus a margin expected to range from 0.3250 to 0.6875 percent per annum for the five-year facility and to be 0.41 percent per annum for the 364-day facility. The average rate will be adjusted for reserve requirements imposed by the Federal Reserve System and for insurance assessments imposed by the Federal Deposit Insurance Corporation.

PacifiCorp may borrow at an Adjusted LIBOR Loan (LIBOR Loan) rate, which is equal to the rates per annum at which deposits in dollars are offered to certain Euro-Dollar Reference Banks in the London interbank market two Euro-Dollar Business Days before the first day of the interest period, plus a margin expected to range from 0.20 to 0.5625 percent per annum for the five-year facility and to be 0.285 percent per annum for the 364-day facility. The average rate will be adjusted to reflect the Euro-Dollar Reserve Percentage.

PacifiCorp will also have available the ability to borrow at a Money Market LIBOR Loan rate, which is determined through an auction procedure where the syndicate banks furnish bids based on LIBOR to the Agent. A Money Market Absolute Rate Loan rate, which is also determined through an auction procedure but is a fixed absolute rate. If the bids are unacceptably high or are insufficient in amount, PacifiCorp may cancel the auction.

Interest is payable at the end of each applicable interest period or, if earlier, quarterly or upon repayment of any loan.

PacifiCorp expects to pay an arrangement fee of \$150,000 covering both Agreements to the Agent at closing. A facility fee is payable quarterly in arrears to the Banks on the entire commitment under the Agreements. The facility fee is expected to range from 0.10 to 0.1875 percent per annum for the five-year facility and to be 0.065 percent per annum for the 364-day facility. In addition, there will be a commitment fee payable quarterly in arrears on the unused portion of the commitment. The commitment

fee is expected to range from zero to 0.0625 percent per annum for the five-year facility and to be 0.01

percent per annum for the 364-day facility. In addition to the facility and commitment fees payable to all Banks, an administrative fee of \$1,500 per Bank per annum covering both Agreements is also payable to the Agent.

PacifiCorp may prepay Base Rate Loans at any time on one business day's notice. CD, LIBOR and Non-Syndicated Loans may be prepaid subject to compensation to the Banks for any funding losses.

At its option, PacifiCorp may reduce the commitments under the Agreements in an amount not less than \$10 million or may terminate the Agreements.

8. Under the Other Arrangements, PacifiCorp expects to pay interest at a rate no greater than PacifiCorp would pay for borrowings under the Agreements. If PacifiCorp elects to enter into committed arrangements, a commitment fee of not more than 0.125 percent of the unused portion of the commitment will be payable quarterly in arrears.

The letters evidencing the Other Arrangements are expected to be for one or two year periods. However, PacifiCorp requests that the notes under the Other Arrangements be issued until August 31, 1999, provided that the notes may mature up to one year after that date.

9. PacifiCorp proposes to issues its Paper to one or more commercial paper dealers (Dealers) who may be investment or commercial bankers. Prior to the expected issuance date, PacifiCorp will notify one or more Dealers of the date and the required amounts.

The Paper will have a maturity of not more than 270 days from the date of issuance if issued in the U.S. and not more than one year if issued overseas. The Paper will not mature later than August 31, 1999.

10. The Paper may or may not be interest bearing, but if non-interest bearing the Paper will be discounted from its face value to yield a market interest rate. To assure purchasers of PacifiCorp's Paper sold abroad that they will receive the return anticipated at the time of purchase, PacifiCorp may be required to agree to pay such purchasers who are United States aliens, if necessary, a "gross-up" amount.

This gross-up amount would be paid as additional interest in an amount sufficient to provide any holder who is a United States alien a net payment, after withholding in respect of United States tax, not less than the amount provided in such note to be then due and payable on such note. This gross-up provision is substantially similar to provisions found in PacifiCorp's other overseas borrowing agreements. While no gross-up for withholding is anticipated, PacifiCorp would, if such payments become required, cease issuing Paper to those purchasers that are affected. However, PacifiCorp could not retire any affected outstanding notes until maturity.

11. The estimated expenses in establishing PacifiCorp's short-term debt facilities are as follows:

ESTIMATED FACILITIES' EXPENSES

Regulatory agency fees	\$ 1,000
Agent fees	150,000
Administrative fees	35,000
Company's counsel fees	30,000
Bank counsel fees	40,000
Bank meeting	15,000
Miscellaneous Expenses	<u>29,000</u>
TOTAL	<u>\$300,000</u>

12. PacifiCorp states that the purposes of the proposed authority are to:

- (a) Secure sources of committed funds available to PacifiCorp to finance its short-term capital requirements and to serve as back-up for the issuance of its Paper.
- (b) Have the option to borrow under multiple facilities from a variety of competing sources to provide lower cost alternatives under differing market conditions.

13. The purposes for which securities are proposed to be issued in this matter are the acquisition of utility property, the construction, extension or improvement of utility facilities, the improvement or

maintenance of service, the discharge or lawful refunding of obligations which were incurred for utility purposes or the reimbursement of PacifiCorp's treasury for funds used for the foregoing purposes.

PacifiCorp keeps its accounts in a manner which enables the Commission to ascertain the amount of money expended and the purposes for which the expenditures were made. If the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of the utility purposes listed above.

14. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

#### CONCLUSIONS OF LAW

1. The proposed issuances of Promissory Notes and Paper to which the application relates will be for lawful objects within the corporate purposes of PacifiCorp. The method of financing is proper.
2. The application should be approved.

#### ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The application of PacifiCorp filed on July 21, 1994, for authority to (1) issue, from time to time through August 31, 1999, its unsecured short-term promissory notes (Promissory Notes) to and borrow from U.S. or foreign commercial banks (or their affiliates) (Banks) under the following facilities:
  - (a) not more than \$500,000,000 in aggregate principal amount outstanding at any one time under one or more revolving credit agreements (Agreements), provided that such notes mature not later than August 31, 1999; and
  - (b) not more than \$750,000,000 in aggregate principal amount outstanding at any one time under other

borrowing arrangements (Other Arrangements), provided that such notes mature not later than August 31, 2000;

and (2) issue and sell its commercial paper (Paper) in the U.S. or overseas, from time to time through August 31, 1999, in an aggregate principal amount not to exceed \$750,000,000 outstanding at any one time, provided that the Paper mature not later than August 31, 1999; provided, further, that the aggregate principal amounts outstanding under the Agreements, Other Arrangements and Paper not exceed \$750,000,000 at any one time, pursuant to §§ 69-3-501 through 69-3-507, MCA, and to use the proceeds for the purposes described in PacifiCorp's application, is approved.

2. PacifiCorp shall file the following as they become available:
  - a. The "Report of Securities Issued" required by 18 CFR 34.10.
  - b. Verified copies of any agreement entered into pursuant to this Order.
  - c. A verified statement setting forth in reasonable detail the disposition of the proceeds during each year of the Revolving Credit Agreements.
3. Issuance of this Order does not constitute acceptance of PacifiCorp's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.
4. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.
5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.
6. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 8th day of August, 1994, by a 5 to 0 vote.

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BOB ANDERSON, Chairman

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BOB ROWE, Vice Chairman

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DAVE FISHER, Commissioner

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NANCY McCAFFREE, Commissioner

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DANNY OBERG, Commissioner

ATTEST:

Ann Purcell  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.